

Message Text

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PAGE 01 TORONT 01283 102008Z
ACTION EUR-12

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UNCLAS TORONTO 1283

E.O. 11652: N/A
TAGS: EFIN, EINV, SOPN, CA
SUBJ: TORONTO STAR AGAINST ANY BANK ACT EXEMPTIONS FOR BIG
FOREIGN BANKS

1. IN ITS LEAD EDITORIAL "FOREIGN BANKERS WANT TO RELAX RULES",
THE JULY 10 TORONTO STAR CALLED THE PROPOSED AMENDMENTS TO
THE BANK ACT NOW UNDER CONSIDERATION "TOO HARD TO IMPLEMENT"
AND OBSERVED "IT SHOULD BE OBVIOUS THAT CHRETIEN'S
CONTROLS ARE NOT GOING TO WORK." THE STAR CONTINUED TO URGE
THE GOVERNMENT TO HOLD THE LINE WITH FOREIGN BANKS. "INSTEAD
OF OPENING THE DOOR TO FOREIGN BANKS, CHRETIEN SHOULD DECLARE
BANKING A KEY SECTOR TO THE ECONOMY AND RESTRICT IT TO THE
CANADIAN-OWNED BANKS.....AT A TIME WHEN SO MUCH OF CANADA'S
ECONOMY IS FOREIGN-CONTROLLED IT JUST DOESN'T MAKE SENSE TO
OPEN THE DOOR TO FOREIGN-OWNED BANKS AS WELL."

2. THE EDITORIAL STRESSED EFFORTS BY BIG FOREIGN BANKS TO
HAVE THE GOC RAISE THE PROPOSED FOREIGN BANK DOLS 500 MILLION
ASSET LIMITATION IN THE BANK ACT AMENDMENT PROPOSALS.
"ANTHONY MANTZAVINOS, PRESIDENT OF CITICORP. LIMITED,
A SUBSIDIARY OF CITIBANK OF NEW YORK, WANTS HIS COMPANY
EXEMPTED FROM THE PROPOSED CEILING ALTOGETHER, BECAUSE
CITICORP'S ASSETS IN CANADA ALREADY EXCEED DOLS 500 MILLION.
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THEY'RE ESTIMATED AT CLOSE TO DOLS 1 BILLION ALTHOUGH HE
REFUSES TO DISCLOSE THE ACTUAL SIZE. HE SAYS THE BANK
WILL HAVE DIFFICULTY WITH ANY CEILING AND ARGUES CANADA
IS BEING FAR TOO PROTECTIONIST. SIMILAR CRITICISMS HAVE
BEEN MADE BY BARCLAY'S CANADA LTD., THE SUBSIDIARY OF
A BIG BRITISH BANK, AND BANK OF AMERICA'S CANADIAN
SUBSIDIARY. THERE'S A DANGER THAT CICICORP WILL GET AN

EXEMPTION BECAUSE IT RECENTLY ARRANGED A DOLS 3 BILLION LINE
OF CREDIT FOR OTTAWA, TO HELP DEFEND THE CANADIAN DOLLAR
IN FOREIGN EXCHANGE MARKETS, IN THE LARGEST PRIVATE
INTERNATIONAL CREDIT EVER ARRANGED. EVEN THE FINANCE
DEPARTMENT SEEMS TO REGARD THE PROPOSED CEILING AS
TEMPORARY. ONE OFFICIAL SAID RECENTLY, 'A LIMIT SET TO-
DAY IS NOT LIKELY TO BE APPROPRIATE 10 YEARS HENCE WHEN
THE BANK ACT IS UP FOR REVIEW AGAIN".
DIGGINS

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NNN

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